



FOR IMMEDIATE RELEASE
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Office of the United States Attorney
District of Arizona

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GILBERT AND TUCSON MEN SENTENCED TO PRISON FOR 2.3 MILLION DOLLAR FRAUD

Brothers-in-law committed fraud while one was the director of his company's data center

PHOENIX - Anthony Ambrose McCutcheon, 46, of Gilbert, Ariz., and Warren Joseph Rice, Jr., 42, of Tucson, Ariz., were sentenced to prison by U.S. District Judge Frederick J. Martone. McCutcheon and Rice pleaded guilty, on March 26 and 27, 2008 respectively, to one count of Conspiracy to Commit Mail and Wire Fraud and one count of Wire Fraud. McCutcheon was sentenced to 41 months and Rice to 33 months in federal prison. They were ordered to jointly pay a total of \$2,316,869.55 in restitution and to each perform 100 hours of community service upon release from prison.

In pleading guilty, McCutcheon and Rice admitted that from August 12, 1997 through February 2, 2006, while McCutcheon was the Director of First Data Resources, Incorporated's data center located in Chandler, Ariz., he and Rice devised a scheme to defraud First Data Resources, Inc., and First Data Corporation, Denver, Colorado. They did this by making false representations that an Arizona company Rice operated called Andalusia Companies was an entity that would provide goods and services that First Data Resources, Inc, needed to maintain and operate its Chandler Data Center. However, McCutcheon and Rice never actually provided any goods and services to McCutcheon's employer.

In the course of the 9-year conspiracy, McCutcheon prepared numerous false invoices for goods and services and then guided them through his employer's payment authorization process. Upon final authorization of payment for the fraudulent invoices by unsuspecting personnel working with McCutcheon, payments were then made to Rice's Andalusia Companies via checks and electronic fund transfers. Throughout the conspiracy, McCutcheon and Rice obtained total payments of approximately \$2,316,869 from First Data Resources, Inc., and First Data Corporation by means of mail fraud and wire fraud. All the money was initially deposited into a bank account controlled by Rice.

At the sentencing on Monday, June 16th, the government noted that each of the defendants lived well beyond his means during the course of the conspiracy. McCutcheon's bank statements documented purchases at numerous high-end retailers and Rice's bank statements noted frequent payments for items such as rounds of golf at various golf courses and resorts, along with alcohol, tobacco and a Porsche.

The investigation in this case was conducted by the U.S. Postal Inspection Service. The prosecution was handled by Frederick A. Battista, Assistant U.S. Attorney, District of Arizona, Phoenix.

CASE NUMBER: CR-07-870-PHX-FJM
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